August 4, 2016

Secretary Sylvia Matthews Burwell
Department of Health and Human Services
330 Independence Avenue SW
Washington, DC 20201

Dear Secretary Burwell,

On behalf of the over 29 million Americans living with diabetes and the 86 million more with prediabetes, the American Diabetes Association (Association) provides the following comments and recommendations regarding the *Arkansas Works 1115 Demonstration Waiver Extension and Amendment*.

According to the Centers for Disease Control and Prevention, almost 290,000 adults in Arkansas have diabetes and more than 120,000 have prediabetes. Access to affordable, adequate health coverage is critically important for all people with, and at risk for, diabetes. When people are not able to afford the tools and services necessary to manage their diabetes, they scale back or forego the care they need, potentially leading to costly complications and even death.

Adults with diabetes are disproportionately covered by Medicaid.[1] For low income individuals, access to Medicaid coverage is essential to managing their health. As a result of inconsistent access to Medicaid across the nation, these low income populations experience great disparities in access to care and health status, which is reflected in geographic, race and ethnic differences in morbidity and mortality from preventable and treatable conditions. For example, a study conducted in California found "amputation rates varied tenfold between the highest- and lowest-income neighborhoods in the state."[2] Medicaid expansion made available through the Affordable Care Act (ACA) offers promise of significantly reducing these disparities. As such, the Association strongly supports Arkansas's decision to continue its Medicaid expansion program. We do, however, have concerns regarding some of the provisions in the Arkansas Works extension and amendment application, and provide the following comments and recommendations to ensure the needs of low-income individuals with diabetes continue to be met by the state's Medicaid program.

<u>The Proposed Cost-Sharing Requirements Will Deter Enrollment</u>

The Association is concerned by the amount of monthly contributions and cost-sharing enrollees will be required to pay as outlined in the Arkansas Works waiver application. In general, cost-sharing deters individuals from seeking medical care, while premium requirements deter individuals from enrolling in coverage. According to a study conducted by staff at the Agency for Healthcare Research and Quality (AHRQ), a premium increase of $10 per month is associated with a decrease in public coverage of children in families with incomes above 150% of the federal poverty level (FPL), with a greater decrease in coverage for those below 150% FPL.[3] In addition, a Kaiser Family Foundation review of research related to cost-sharing and premiums in state Medicaid and CHIP programs found that "[f]or individuals with low income

and significant health care needs, cost-sharing can act as a barrier to accessing care, including effective and essential services, which can lead to adverse health outcomes."[4] The price sensitivity of households with low incomes *must* be a consideration when imposing premium or co-payment requirements for any public health program.

Under the Arkansas Works program, Arkansas is proposing monthly contributions into an "Independence Account" ranging from $5 for those who have incomes between 50% and 100% of the Federal Poverty Level (FPL) to $25 for those earning between 129% and 133% of the FPL. Beneficiaries earning under 50% of the FPL will not be required to make monthly Independence Account contributions or pay cost-sharing for services and supplies they receive under the program. For beneficiaries with incomes over 50% of the FPL, cost-sharing amounts consistent with Medicaid requirements will be paid from their Independence Accounts—to which the state will contribute funds in order to meet the beneficiary's cost-sharing obligations. Beneficiaries with incomes between 50% and 100% of the FPL who do not pay their monthly Independence Account contributions will be required to pay Medicaid-level copayments for the services and supplies they receive under the program. Beneficiaries with incomes over 100% of the FPL who do not pay their monthly contributions will be required to pay the cost-sharing requirements of their health plan. **These proposed monthly premium amounts are very likely to deter individuals from obtaining Medicaid coverage, negating the benefits of extending eligibility to the new adult group, and the cost-sharing requirements for those unable to afford their monthly premiums will deter enrollees from obtaining needed medical care.**

Diabetes is a complex, chronic illness requiring continuous medical care with multifactorial risk reduction strategies beyond glycemic control. Ongoing patient self-management education and support are critical to preventing acute complications and reducing the risk of long-term complications. The Association, including its scientific and medical experts, believes essential benefits for the management, prevention, and care of diabetes include:

- Diabetes screening for individuals at high risk;
- Services as determined by a treating health care provider;
- Prescription medications;
- Durable medical equipment, such as blood glucose testing equipment and supplies, and insulin pumps and associated supplies;
- Services related to pregnancy, including screening for diabetes; monitoring and treatment for women with pre-existing diabetes and gestational diabetes; and postnatal screening;
- A yearly dilated eye exam by an eye-care professional with appropriate follow-up care as medically needed;
- Podiatric services;
- Diabetes education, including diabetes outpatient self-management training services; and
- Medical nutrition therapy services.

Considering this, the Association is pleased the state has a process through which they will identify individuals who are medically frail and are therefore exempt from the Arkansas Works program. In addition, we are pleased the state will also have a process for individuals who have changes in their health status to transition between the Arkansas Works program and the traditional Medicaid program.

Summary

Since 2013, Arkansas has one of the greatest reductions in uninsurance rates in the country.[5] It would be a great disservice to Arkansas residents if these proposed changes undo the excellent work the state has done to ensure every resident of Arkansas has access to adequate, affordable health care. The Association wants this momentum to continue, but also wants to ensure all Medicaid beneficiaries in Arkansas—including those in the new adult eligibility group—are protected by the federal Medicaid rules. Federal Medicaid regulations prohibit premiums for most individuals with income below 150% FPL.[6] **Therefore, we recommend CMS ensure all cost-sharing for Arkansas Medicaid beneficiaries continues to meet federal Medicaid rules.**

We appreciate the opportunity to provide comments on the *Arkansas Works 1115 Demonstration Waiver Extension and Amendment*. If you have any questions, please contact me at lmciver@diabetes.org or (703) 299-5528.

Sincerely,

LaShawn McIver
Vice President, Public Policy and Strategic Alliances
American Diabetes Association

[1] Kaiser Commission on Medicaid and the Uninsured, The Role of Medicaid for People with Diabetes, November 2012. Available at http://kaiserfamilyfoundation.files.wordpress.com/2013/01/8383_d.pdf

[2] Stevens CD, Schriger DL, Raffetto B, et. al, Geographic Clustering of Diabetic Lower-Extremity Amputations in Low-Income Regions of California, 8 Health Affairs 33, August 2014

[3] Abdus S, Hudson J, Hill SC, Selden TM, Children's Health Insurance Program Premiums Adversely Affect Enrollment, Especially Among Lower-Income Children, 33 Health Affairs 8, August 2014

[4] Premiums and Cost-Sharing in Medicaid: A Review of Research Findings, Kaiser Commission on Medicaid and the Uninsured, February 2013

[5] Witters D, Arkansas, Kentucky Set Pace in Reducing Uninsured Rate, Feb. 4, 2016. Available at: http://www.gallup.com/poll/189023/arkansas-kentucky-set-pace-reducing-uninsured-rate.aspx.

[6] 42 C.F.R. § 447.52(e)(1) and § 447.55(a).